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THE DIRECTOR OF CENTRAL INTELLIGENCE

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WASHINGTON, D.C. 20505

National Intelligence Council

DDI 1440-82
19 February 1982

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

VIA: Chairman, National Intelligence Council

FROM: Charles E. Waterman
National Intelligence Officer for NESA

SUBJECT: Libyan Task Force Meeting, 17 February

1. The purpose of this meeting, chaired by State S/P Director Paul Wolfowitz, was to forge a consensus on the nature of economic sanctions to be adopted against Libya. The positions reached will be reflected in a document to be circulated prior to the National Security Council Meeting now to be scheduled for 23 or 25 February. [redacted]

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2. The general recommendations to be made in the document are the following:

- a. A petroleum boycott should be applied, probably as first priority among any sanctions adopted. Authority for this will be the Trade Expansion Act.
- b. Some form of export controls will be adopted, utilizing the Export Administration Act and not the International Emergency Economic Powers Act. Treasury, Commerce, and State all concur that a procedure requiring licensing and banning of certain categories of exports is feasible. Essentially, it will place Libya in a similar category of restrictiveness for exports as the Soviet Union. Key questions to be decided at the NSC meeting will be whether retroactivity (for orders already placed) or extraterritoriality (for subsidies of US companies) should be applied to the export controls. Treasury and Commerce strongly feel they should not, due to difficulties which would ensue with both the European allies and US businesses. [redacted]

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JCS review completed

NSC review completed.

State Dept. review completed

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3. The meeting had not been called to discuss again the appropriateness of the imposition of economic sanctions without further provocation. However, a rather strong debate did occur on this subject, prompted by NSC Policy and Plans Director Norm Bailey. His thesis, which was supported openly by the Treasury and Commerce Department representatives, is that the imposition of these measures would have no economic impact, anger our allies unnecessarily, and essentially expose the President to unnecessary ridicule. This view was opposed by State S/P Director Wolfowitz, who stressed the important symbolic effect the economic measures will have. I expressed no opinion on this issue, nor did representatives from the JCS, ISA, and State NEA. Privately all of these representatives oppose proceeding automatically with these sanctions. All agreed that, if the steps are automatically imposed, an educational campaign with Congress and other key sectors should precede it. 25X1

4. I would think the Washington Post leak of Secretary Haig's comments regarding proceeding to "Phase 2" of our Libya policy will tend to reinforce the view of those who are inclined to oppose further action without ostensible Libyan provocations. Essentially, the leak portrays us as aggressors in the situation, rather than as defendants. 25X1

5. The JCS representative commented that no maneuvers in Libyan waters are now being planned. There is only one carrier in the Mediterranean at present, which is rather insufficient for prospective hostilities. This situation will pertain until June, when there will briefly be four carriers there. All agreed June would be the obvious time for any repeat of the Sidra operation which may be contemplated. 25X1

[Redacted Signature Box]

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